



County of Los Angeles **CHIEF EXECUTIVE OFFICE**

713 KENNETH HAHN HALL OF ADMINISTRATION
LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

June 17, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

CHIEF EXECUTIVE OFFICE CONTRACT EXTENSION WITH MUNISERVICES FOR SALES AND USE TAX AUDITING SERVICES (ALL DISTRICTS AFFECTED) (3 VOTES)

SUBJECT

This action is to approve an amendment to an existing contract with MuniServices to continue to provide sales and use tax auditing services on a month-to-month basis, beginning July 1, 2008, for up to 12 months. All other terms, conditions, requirements, and specifications of the existing contract, as previously amended, shall remain in effect.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve Amendment Three to Contract No. 74492 with MuniServices to extend the existing agreement on a month-to-month basis, for up to 12 months, beginning July 1, 2008, with no other changes to the existing agreement; and
2. Instruct the Chair of the Board of Supervisors to execute the amendment.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this action is to continue the sales and use tax auditing services provided by MuniServices while a new Request For Proposal is developed.

The original agreement was executed in July 2003, and it is time to review the County's internal sales tax activities, as well as reevaluate the County's need for updated reports from a consultant. This thorough review will extend beyond the existing contract end date

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

of June 30, 2008; however, the review must be completed before the Request For Proposal will be issued. Therefore, an extension to the current agreement is requested.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that we ensure the County's fiscal responsibility (Goal 4). This amendment will continue to utilize the current contractor's expertise to effectively provide this service in a timely and responsive manner while a Request For Proposal is developed.

FISCAL IMPACT/FINANCING

There will be no change to the existing contingent fee, which is a percentage share of incremental sales and use tax revenues identified and recovered for 11 consecutive quarters.

Funding for this extension is available in the fiscal year 2008-09 budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The County currently receives approximately \$60 million in annual revenue from the collection of local sales and use taxes generated in the unincorporated areas of the County. In-house efforts to identify many of the common errors related to misallocated tax revenues have proven beneficial to the County. However, the desired auditing services are highly technical and specialized and the County does not have the expertise or available resources to identify the more complex sales and use tax misallocation errors.

On June 3, 2003, your Board approved Contract No. 74492 with MuniServices (formerly MBIA) for the provision of sales and use tax auditing services.

The contract term was an initial three-year period, with two one-year renewal options for a total period of five years beginning July 1, 2003. This agreement will expire on June 30, 2008.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The extension of this contract provides for the continuation of the current service and will not result in the displacement of any County employees since this service is currently contracted with the private sector.

The Honorable Board of Supervisors
June 17, 2008
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CONCLUSION

Please return two adopted copies of this letter to the Chief Executive Office, Finance and Budget Development. The original Board Execute copy should be retained for your files.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'WTF', followed by a stylized flourish.

WILLIAM T FUJIOKA
Chief Executive Officer

WTF: DL:SK
EC:AB:alc

Attachment

c: County Counsel
Auditor-Controller

**THIRD AMENDMENT TO
SALES & USE TAX AUDITING SERVICES AGREEMENT**

County of Los Angeles Agreement No. 74492-3

AMENDMENT NO. 3

THIS AMENDMENT is made and entered into this _____ day
of _____, 2008,

by and between

COUNTY OF LOS ANGELES
("County"),

and

MUNISERVICES, LLC,
a Delaware Limited Liability Company
(Hereinafter "MUNISERVICES" or
"CONSULTANT")

Business Address:
MBIA MuniServices Company
7335 N. Palm Bluffs Ave.
Fresno, CA 93711

RECITALS

COUNTY AND CONSULTANT mutually agree that extending the term of County Agreement No. 74492, dated June 3, 2003, for Sales & Use Tax Auditing Services and any Amendments to it (collectively hereafter referred to as "Agreement" or "Contract") benefits both parties.

COUNTY intends, within the next several months, to review its internal sales and use tax auditing activities with a view to developing a new Request for Proposal for needed services.

NOW, THEREFORE, in consideration of the mutual benefits derived from it, it is agreed between the parties that the Agreement shall be amended as follows:

1. This Amendment is effective on the date both parties have executed it.
2. Section 4, Term of Agreement, is deleted in its entirety and replaced by the following terms:
 - 4.1 The term of this Agreement shall be three years commencing July 1, 2003 after execution by the County's Board of Supervisors, unless sooner terminated or extended, in whole or in part, as provided in this Agreement.
 - 4.2 The County Contract Director and the Contractor Contract Manager are authorized to extend this agreement for up to two additional one-year periods; and may in addition extend the Agreement a third year on a month-to-month basis. Each such option year shall be exercised individually. During the third extension year, either party may terminate the Agreement without cause by giving at least 30 days notice to the other.

Sales & Use Tax Auditing Services
Agreement Number 74492, Amendment No. 3

3. This Amendment does not affect any other terms of the Agreement, which otherwise remain in force.

COUNTY OF LOS ANGELES

By _____

WILLIAM T FUJIOKA
Chief Executive Officer

Date _____

MUNISERVICES, LLC
A Delaware Limited Liability Company

By _____

Mark Herman, President and CEO

By _____

Kevin Cerutti, C.F.O. President and CEO

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

By _____

THOMAS M. TYRRELL,
Principal Deputy
County Counsel